GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4048
ANSWERED ON:09.12.2016
Islamic Window in Banks
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Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India (RBI) has any proposal to open the Islamic window in conventional banks for gradual introduction of Sharia compliant or interest free banking in the country;

(b) if so, the details along with its objectives;

(c) whether the Government has examined the said proposal on legal, technical and regulatory issues regarding the possibility of introducing Islamic window in banks in the country; and

(d) if so, the details thereof and the reaction of the Government thereto?

Answer

The Minister of State in the Ministry of Finance

(a) to (d): Reserve Bank of India (RBI) had set up an inter-departmental group on Islamic Banking. Entire exercise was aimed at promoting financial inclusion, accessing huge market potential to attract finance from Gulf countries for infrastructure development. However, on consideration of inter-departmental group report, it is observed that even to introduce limited products, various legal changes would be required. Moreover, the objectives of financial inclusion for which Islamic Banking was explored by RBI has no relevance, as Government has already introduced other means of financial inclusion for all citizens like Pradhan Mantri Jan Dhan Yojna, Pradhan Mantri Suraksha Bima Yojna, Pradhan Mantri Jeevan Jyoti Bima Yojna, Pradhan Mantri Mudra Yojna etc.
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